

**Comments on Draft Energy Resource Investment Plan of the
California Consumer Power and Conservation Financing Authority**

I would like to propose four other Section 7 “To Do” items that, along with the others, might provide answers to the questions concerning clarity of your message, image of CPA and weaknesses.

The four additional items are:

1. Determine the profile of electricity needs in the future, e.g. baseload, peaking, transmission support etc. This will help you select the appropriate renewable resources available in California.
2. Open discussions with financial institutions to determine best and most cost effective *financing techniques and alternatives available to CPA.*
3. Support the renewables cost effectiveness by valuing the externalities and compare them to fossil fuel alternatives.
4. Prepare a Business Plan after you have collected adequate information to know what the specific mission is and how you intend to fulfill it.

Considering the future efforts mentioned in Section 7 and the general financial assumptions in some of the other Sections, you might consider making Section 6 Financial Plan a discussion document of what you would like to achieve and leave out the numbers and discussion of specific items that will probably change materially as you get into the details. For instance, it is very difficult to relate to and understand the assumptions underlying the numbers. Obviously, when you do the Business Plan, that information will be required in detail.

Credit support is mentioned, but no details are discussed. Will the State provide its full faith and credit to support a project or will it be CPA which may not be considered a viable guarantor, for instance. How will such an objection be overcome?

The recommendation on how to implement Eminent Domain could create more problems than it solves. Anecdotally, the State’s efforts to implement eminent domain in the power business have not been completely successful.

On page 11, there is a comment about old fossil plants. I believe that what happens to those plants, refurbish, replace etc. is the owner’s decision.

If the CPA’s role is as set forth on page 19 in Section 3, why not make that the cornerstone of the Plan? Perhaps I focus on that because I am more of a supply side person, but over the years most Americans have had a difficult time sustaining a “negawatt” environment and I do not see that changing too soon. Since I believe that there is a future for fuel cells and distributed generation, I invite you to devote more resources to supporting those two areas.

I may be jumping ahead but I was wondering if CPA was considering buying older plants for reserve or QF’s coming off of standard offer contracts for refurbishing that might be either baseload or peaking plants. Geothermal plants are obvious baseload plants but as NCPA demonstrated they can be run in a load following manner. Also, incentives should be provided to renewables perhaps un financing relief, risk insurance, loans, subsidies or grants for research and development or drilling in unexplored areas.

The amount of research and data included in the Draft is very impressive.